

California Appeals Court Holds Plaintiff May Escape Arbitration in PAGA Claims

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A recent California Court of Appeal decision highlights the ongoing tension between the Federal Arbitration Act and the California Private Attorneys General Act (PAGA). Mere months after California's Second District Court of Appeal held to the contrary, the Fourth District in [*Jose A. Parra Rodriguez v. Packers Sanitation Services Ltd., LLC*](#), issued a decision affirming the trial court's denial of Packers' motion to compel arbitration of the plaintiff's individual PAGA claims.

The ruling raises questions about whether courts are allowing employees to strategically plead around arbitration agreements. Largely ignoring whether the complaint was properly pleaded, the appellate court focused on whether arbitration could be compelled under the applicable agreement, taking at face value the plaintiff's assertion that he had forgone individual PAGA claims. This narrow approach effectively allowed the employee to sidestep arbitration simply by framing his lawsuit as a "representative" action only.

At the heart of the appeal was whether Parra's PAGA claims contained an individual component subject to arbitration. Packers argued that the U.S. Supreme Court's decision in *Viking River Cruises, Inc. v. Moriana* required arbitration of an employee's individual PAGA claim. However, the court rejected Packers' position, relying on *Adolph v. Uber Technologies, Inc.*, which held that an employee maintains standing to pursue non-individual PAGA claims.

To that end, the California appeals court ruled that Parra's complaint did not assert an individual claim at all. Rather than analyzing whether PAGA claims must include an individual component, the court sidestepped the issue by accepting Parra's characterization of his complaint. The court emphasized that "the relevant question for our purposes is whether Parra's complaint does assert an individual PAGA claim, not whether it should include such a claim." The court further explained that "[t]his is an appeal from an order resolving a motion to compel arbitration, not a motion challenging the sufficiency of the complaint." This framing effectively shielded Parra's pleading strategy from scrutiny.

The ruling stands in contrast to a prior California appellate decision, which held that PAGA claims necessarily include an individual component, meaning an employer can compel arbitration regardless

of how the plaintiff frames the complaint. In that case, the Second District court reasoned that an action under PAGA inherently involves claims for civil penalties based on the named plaintiff's own alleged labor violations.

By contrast, in *Parra*, the appellate court declined to engage with whether PAGA claims must contain an individual component and instead resolved the case on narrower procedural grounds. In doing so, the court effectively endorsed a loophole that allows employees to avoid arbitration simply by omitting express references to their own claims. It should be noted that California's Fourth District Court expressly stated it was not considering the 2024 PAGA amendments, which modified standing requirements under the act.

This ruling underscores the tension and evolving legal landscape surrounding PAGA and arbitration agreements. While courts continue to grapple with the implications of *Viking River* and *Adolph*, the *Parra* decision highlights a growing divide in how California courts interpret arbitration clauses in employment disputes. By focusing solely on whether arbitration was contractually required rather than examining the structure of PAGA claims, the court's reasoning allowed an employee's pleading choices to dictate arbitration outcomes – even though such pleading choices may ultimately be insufficient to state a PAGA claim.

As more employers seek to enforce arbitration agreements against PAGA plaintiffs, the tension between the Fourth and Second District decisions will likely invite further scrutiny.

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